



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize the City Manager to Execute a Contract for Professional Services to Develop Alternative Water or Wastewater Rate Structures to Fund PCE/TCE Remediation

MEETING DATE: June 1, 2005

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council authorize the City Manager to execute a contract for professional services to develop alternative water or wastewater rate structures to fund PCE/TCE remediation.

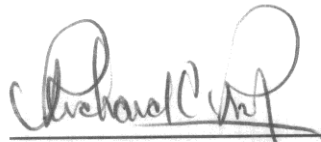
BACKGROUND INFORMATION: As the PCE/TCE contamination remediation moves forward, the City is taking responsibility for much of the work. To the extent that settlements with responsible parties and insurance companies do not provide sufficient funds for remediation, the City will need additional funding to carry on these activities.

Staff is in the process of interviewing four firms to assist the City in evaluating the impact of these additional costs on our utility rates. A recommendation on the firm and the cost will be made at the Council meeting.

In addition to making a recommendation on the firm to do the work, staff will discuss some of the factors relating to which utility (water, wastewater or both) revenue program should be considered for this study. Given that the final cost will be shared by essentially the same ratepayers, there are factors which suggest that only the water utility should be considered.

FISCAL IMPACT: To be determined

FUNDING AVAILABLE: To be presented at the Council meeting



Richard C. Prima, Jr.
Public Works Director

RCP/pmf

APPROVED:



Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize the City Manager to Execute a Contract for Professional Services to Develop Alternative Water or Wastewater Rate Structures to Fund PCE/TCE Remediation (Supplemental Information)

MEETING DATE: June 1, 2005

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council authorize the City Manager to execute a contract for professional services to develop alternative water or wastewater rate structures to fund PCE/TCE remediation. Staff recommends the contract (\$37,000) be awarded to Battle Wells Associates.

BACKGROUND INFORMATION: The following material is supplemental to the staff report included in the Council agenda packet.

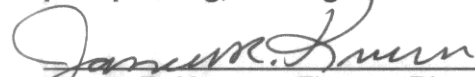
Following interviews with four rate analysis firms, staff requested proposals from **two** firms. The proposal from Battle Wells is recommended for implementation. While the other firm (**CH2MHill**) is well qualified, their costs were higher and their approach appears to be more detailed than this project warrants. The Battle Wells proposal includes preliminary analysis of the water and wastewater funds as suggested earlier, and if only the water utility is considered for the rate increases, the analysis cost will be approximately \$7,000 less.


Their work, in addition to the rate analysis, includes preparation of public notices and resolutions for review by the City. Mail notification costs to property owners, as well as utility bill customers, are also included in the total project cost.

The project schedule anticipates the analysis work taking place in June 2005 with a preliminary report to the Council in July and a public hearing in September 2005.

FISCAL IMPACT: To be determined.

FUNDING AVAILABLE: ~~\$50,000 Water, Wastewater, and PCE/TCE Capital Project (contract plus printing, mailing and contingencies)~~ PCE/TCE Capital Project (contract


James R. Krueger, Finance Director
James R. Krueger, Finance Director


Richard C. Prima, Jr.
Public Works Director

RCP/pmf

APPROVED: 
Blair King, City Manager

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the 2nd day of June, 2005 by and between the City of Lodi, hereinafter called the "CITY" and Bartle Wells Associates, hereinafter called "CONSULTANT".

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

- A. That CITY desires to engage CONSULTANT to render certain professional services in the CITY;
 - B. That CONSULTANT is qualified to provide such services to the CITY; and
 - C. That the CITY has elected to engage the services of CONSULTANT upon the terms and conditions as hereinafter set forth.
1. Services. The services to be performed by CONSULTANT under this Agreement shall include those services set forth in Exhibit A, which is, by this reference, incorporated herein and made a part hereof as though it were fully set forth herein.

Performance of the work specified in said Exhibit is hereby made an obligation of CONSULTANT under this Agreement. City shall have the right to amend the services as set forth within the Agreement by written notification to the CONSULTANT. In such event, the compensation and time of performance shall be subject to renegotiation upon written demand of either party to the Agreement

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

2. Term of Agreement. Said services shall commence on execution and shall continue until completion, as set forth in Exhibit A as described in the preceding section. At any time and for any reason City shall have the right to terminate or cancel the agreement, take possession of the CONSULTANT'S studies, preliminary reports, drawings, and other work products, insofar as they are complete and acceptable to the City, and pay the CONSULTANT such equitable proportion of the total remuneration as the work actually done by the CONSULTANT at the time of such discontinuance bears to the whole of the work required to be done by the CONSULTANT under the terms of this agreement

3. Compensation. CONSULTANT shall perform those services described and the City shall pay CONSULTANT on a time and materials basis, as set forth in Exhibit A. CONSULTANT shall submit itemized monthly statement for work performed. Statements shall not exceed the amount of services provided
4. Authorization and Termination. This Agreement becomes effective when endorsed by both parties in the space provided.
5. Reliance of Professional Skill of Consultant. CONSULTANT represents that is has the necessary professional skills to perform the services required and the CITY shall rely on such skills of the CONSULTANT to do and perform the work.. CONSULTANT shall assign personnel as described in Exhibit A to personally participate in this project.
6. Relationship of Parties. It is understood that the relationship of CONSULTANT to the CITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the CITY.
7. Non-Assignment. This Agreement is non-assignable either in whole or in part.
8. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
9. Validity. The invalidity, in whole or in part, of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
10. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in San Joaquin County, California. In the event of litigation between the parties hereto to enforce any provisions of the Agreement, the unsuccessful party will pay the reasonable expenses of litigation of the successful party.
11. Conflict of Interest. CONSULTANT may serve other clients, but none who are active within with City of Lodi, or who conduct business that would place CONSULTANT in a "conflict of interest" as that term is defined in State law.
12. Entire Agreement. This Agreement, including Exhibit A, comprises the entire Agreement.
13. Indemnity. CONSULTANT shall defend, indemnify and hold the CITY and its officers and employees harmless from any and all claims and liabilities related to or as a result of CONSULTANTS performance of this Agreement.
14. Worker's Compensation Insurance. The CONSULTANT, at its own cost and expense, is to procure and maintain during the continuance of this agreement, a policy of worker's compensation or employer's liability insurance for the protection of his employees engaged in the work required by this agreement.

15. Title to Documents. Title to all plans, specifications, reports, manuscripts, descriptions and other final work products compiled by the CONSULTANT under this agreement shall be vested in the City, none of which shall be used in any manner whatsoever, by any person, firm, corporation, or agency without the expressed written consent of the City.

16. Notice. All notices required by the Agreement shall be given to the CITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

CITY: City of Lodi
P.O. Box 3006
Lodi, CA 95240-1910
ATTN: City Manager

CONSULTANT: Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703
ATTN: Douglas R. Dove, President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written by their respective officers duly authorized in that behalf.

CITY OF LODI

CONSULTANT

BLAIR KING, CITY MANAGER

Dated: _____

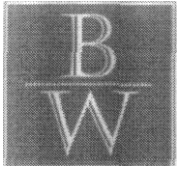
Dated: _____

ATTEST:

SUSAN BLACKSTON, CITY CLERK

APPROVED AS TO FORM:

D. STEPHEN SCHWAUBAUER, CITY ATTORNEY

**BARTLE WELLS ASSOCIATES**

1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
e-mail: bwa@bartlewells.com

May 31, 2005

Richard Prima
City of Lodi
212 West Pine Street
Lodi CA 95240

Re: Proposal – Groundwater Remediation (PCE/TCE) Financing Plan and Water and Sewer Utility Rate Studies.

Dear Richard,

Bartle Wells Associates is pleased to submit this proposal to provide independent financial advisory and rate consulting services in connection with the remediation of groundwater and the rates of the City's water and sewer systems.

Our proposal is divided into the following 2 phases:

- Phase 1 - Comprehensive Groundwater Remediation Financing Plan
- Phase 2 - Utility Rate Studies for Water and Sewer

Bartle Wells Associates

Bartle Wells Associates is an independent financial advisor to public agencies. Our *firm* was established in 1964 and is owned and managed by its principal consultants. We have 4 decades of practical experience in advising local governments on the complexities and challenges in public finance. We have advised over 400 public agency clients in the western United States and completed over 2,500 assignments. We have the diversity of experience and distinctive abilities to evaluate all types of financial issues faced today by local governments and to recommend the best solutions.

Bartle Wells Associates specializes in three professional services —utility rate studies, financing plans, and bond marketing. We are the only independent financial advisor providing ***all three*** services to public agencies.

Our ***rate studies*** are designed to maintain the financial health of the utility enterprises and to be fair to all customers. We have completed hundreds of utility rate studies since 1964. We are very familiar with the requirements Proposition 218 places on rates and charges. We are also very

familiar with the requirements state law (AB 1600) places on the development of impact fees for new growth.

Our *financing plans* for public works programs have explored the wide range of financing options available to public agencies. This analysis balances pay-as-you-go financing with the prudent use of debt. Our objectives are to develop a plan that recommends the best financing approach and that clearly identifies sources of revenues to fund capital projects and to repay any debt.

Our third professional service is *bond marketing*. With more than 300 bond sales (over \$4 billion combined principal amount), our marketing techniques and official statements have set the highest standards in public finance for over 40 years. We work only for public agencies and do not buy, trade, or resell bonds. Our work is concentrated on providing solid advice, which enables our clients to finance their projects on the most favorable terms — lowest interest rate, smallest issue size, and greatest flexibility.

BWA Staff

Bartle Wells Associates is fortunate to have a stable, experienced staff, many of whom are already very familiar with San Joaquin County. Our consultants have experience and academic training in public finance, engineering, economics, accounting and business administration. We know how to help cities with strategic financial planning for all *types* of projects and purposes. Each of our principals has been with the *firm* for 15 or more years. They have been involved in virtually all of our project assignments. All of our staff are located in our Berkeley office.

Name	Title	Academic Background	Years with BWA	Years of Professional Experience
Owners				
Douglas R. Dove*	Principal Consultant	Engineering/finance	15	17
Thomas E. Gaffney*	Principal Consultant	Engineering/finance	25	29
Reed V. Schmidt*	Principal Consultant	Economics/finance	15	28
Professional Staff				
Alex T. Handlers*	Senior Consultant	Public administration	5	11
Sophia Skoda*	Senior Consultant	Engineering/finance	4	7
Bryan Antman	Project Consultant	Engineering/finance	2	5
Tatiana Olea	Financial Analyst	Public administration	1	3

*Certified Independent Public Finance Advisor, and professional member of the National Association of Independent Public Finance Advisors

May 31, 2005

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In addition to our professional staff, we have developed an excellent cadre of individuals and specialty firms, which have helped us produce over 2,500 projects/assignments, with high-quality work, on time and within budget.

To direct our work for you, we will assign Douglas Dove as principal in charge and project manager and your primary contact person. He will be involved in the project on a day-to-day basis. We will also assign Tatiana Olea as financial analyst, with daily involvement in the project. They will be assisted by Alex Handlers and our other consultants as needed. Resumes for Doug, Tatiana and Alex are included.

Proposed Scope of Services

Our proposed scope of services is divided into two phases and presents an outline of the tasks we believe would be required to complete a comprehensive groundwater financing plan and utility rate studies for water and sewer. Our proposed scope of services is preliminary and can be adjusted to reflect the City of Lodi's goals and timeline.

Phase 1 – Comprehensive Groundwater Remediation Financing Plan

Bartle Wells Associates will perform the following services in connection with the development of a comprehensive groundwater remediation financing plan working at all times in close cooperation with the City's staff and other consultants and advisors.

1. Project kickoff meeting (this task applies to phases 1 & 2)

Meet with City staff to kick-off the analysis and review the latest engineering, financial and operational reports and data and to kickoff the project.

- Determine the roles and responsibilities of all project participants
- Identify other parties that have a significant interest in the project, such as large customers, developers, and business organizations
- Identify members of staff, Council members, and other consultants and advisors who will participate in the project
- Establish project schedule and key milestone dates
- Confirm the key goals and expectations of the project team

2. Information gathering/data collection (this task applies to phases 1 & 2)

Assemble the information necessary to understand and describe the City's current situation and its proposed solution. Assistance and cooperation of the City staff will be needed to assemble the remaining background information. Investigation will include, but is not limited to, the following areas:

- General description of water and wastewater system and service areas
- Current and historical rates and fees
- Two most recent CAFRs or audits and current budget
- Water and wastewater customer classifications and characteristics
- Current and historical water consumption data by customer class
 - Capital improvement plans and/or engineering master plans detailing future capital investment needs of the water and wastewater systems
 - Any other relevant information, including agreements with other agencies

The objectives of the information gathering and data collection process are to develop a comprehensive understanding of the characteristics of Lodi, its financial profile, the projects to be financed, and to reach agreement with the City on the basic assumptions to be used in the groundwater remediation financing plan and the water and sewer rate studies.

3. Project the various costs and funding sources for groundwater remediation projects

- Develop scenarios for use in preliminary financing plan
- Estimate debt service for proposed borrowings
- Evaluate remediation funding scenarios including the following:
 1. 100% cash (pay-as-you-go) financing from rate increases
 2. 100% debt financing from bond issues
 3. Various combinations of cash and debt financing

4. Develop rationale for allocating groundwater remediation costs to ratepayers

- Is it equitable to recover all costs through water rates?
 - Should some costs be recovered through wastewater rates?
- How should costs be recovered?
- Based on consumption
- Based on fixed charge per account
- Based on meter size
- Based on combination of above or other basis
- Are there other precedents?

5. Develop preliminary recommendations

- Recovery of groundwater costs through water rates, wastewater rates or combination of both
- Method of allocating costs
- Recommended financing plan
- Projected annual percent increases to rates
 - Meet with staff to review the preliminary recommendations and receive input
- Revise preliminary recommendations as needed

Develop water and sewer cash-flow projections: Based on the information assembled in the prior tasks, prepare cash flow projections showing the financial position of the City's water (and sewer if appropriate) enterprises over the next 10 years. Review projections with staff for agreements on assumptions, interpretation of data, and completeness of approach.

During this phase, BWA will work closely with the project team to develop cash flow projections to evaluate key financing alternatives and their impacts on rates. This is often an iterative process where the information derived from the cash flows is used to develop new or modified financing options. BWA typically recommends that rate increases be phased in over time, when possible, to minimize the annual impact on ratepayers.

6. Present preliminary recommendations to Council at shirtsleeves session(s)

- Make a presentation, answer questions and receive input

7. Develop preliminary and final financing plan: Develop a comprehensive financing plan recommending the timing and implementation of groundwater remediation projects. Identify appropriate levels of cash reserves. Clearly identify the steps necessary to implement the recommendations. Review the recommendations with staff for agreement with our findings

and approach. Prepare a final financing plan that incorporates the findings of our analyses and feedback from the project team.

Phase 2 – Utility Rate Studies for Water and Sewer

8. Evaluate water and wastewater customer classes and usage patterns

Analyze water consumption and wastewater usage records for residential, commercial, and institutional customers. Investigate the appropriateness of current customer classes and analyze available data on water and wastewater usage.

9. Allocate costs among various classes of users

Determine an equitable allocation of the revenue requirement developed in the cash flow projections to the different cost parameters within the water and wastewater operations. Costs will be allocated such that an appropriate rate can be designed to collect the costs allocated to each class of customer, including septic tank dumpers and industrial wastewater customers.

Based on this allocation and any recommended changes to rate structures, use component costs to determine appropriate rates for each class of water and wastewater customers.

10. Establish prudent minimum fund reserve targets

Evaluate the adequacy of the City's current water and wastewater fund reserves. Establish prudent minimum fund reserve targets based on the City's operating and capital funding projections. The reserve targets will help the City avoid the need for rate spikes due to short-term revenue or expense fluctuations. Prudent reserve levels can also help the City gradually phase in future rate adjustments if needed. Develop a phased implementation plan for achieving the recommended reserve fund levels to minimize the immediate impact on rates.

11. Develop financial/rate model incorporating the financing plan, cash flow projections, and rate projections

The financial model will include a series of linked tables that will enable the project team to evaluate the long-term financial and rate impacts of various financing and rate alternatives. The first worksheet page of the model will detail the assumptions and prompt the user to input key information needed to update the model. The model will include many of the tables already developed as the study has progressed and will also include background tables summarizing the City's water and wastewater customers, usage, and current rates, as well as the results of the rate survey. The financial model will be given to the City for future use and can be used to help the City evaluate future financial decisions and rate options.

12. Develop phase-in strategy

Determine whether the proposed rates can be phased-in over a number of years to minimize impacts to existing ratepayers. Recommend a phasing plan.

13. Evaluate rate impacts on City customers

Calculate the rate impacts of various financing and rate structure alternatives to provide the project team with a sound understanding of the implications of their decisions on the City's customer base. Work with the project team to identify customer and usage profiles to use for calculating the rate impacts. Discuss additional rate adjustments that may reduce the impact on certain customers if warranted and/or requested by the project team, in accordance with the City's goals.

14. Present findings and recommendations for City review and input

Develop a PowerPoint presentation summarizing our key findings and recommendations. Present the findings and recommendations to the City project team, and if desired to City Council and to the public at a rate workshop or Council Meeting. On some assignments, we have also presented our draft recommendations to key customer groups via a series of public workshops prior to implementation. We remain available to meet with key customer groups if requested. A final presentation will also be developed summarizing final recommendations to the City Council.

15. Prepare Prop 218 notices (does not include mailing costs)

- After mailing, be available to answer citizen questions

16. Work with City attorney to update rate resolutions/ordinances if necessary

17. Conduct rate survey of regional water and wastewater agencies

Review and summarize water and wastewater rates of other regional and comparable agencies. Summarize results in easily understandable tables and charts.

BWA often recommends that agencies conduct such rate surveys during the course of updating water and wastewater rates. It has been our experience that a comparison of rates to other agencies can often mitigate adverse public reaction to potential rate increases, and ease the implementation of new rates.

18. Public Education, communications and consensus building: BWA has extensive experience developing clear presentations that facilitate public understanding of the projects we help finance. We understand the importance of building consensus and public acceptance for our recommendations and can assist the City of Lodi in developing public education materials. We work with staff to develop a simple communications strategy for informing the public about the need for the projects and the associated rate increases. . BWA will take the lead in presenting the recommendations at public meetings unless directed otherwise by staff.

19. Prepare draft and final reports

Submit a draft report to the City that summarizes and clearly explains key findings and rate recommendations, as well as key alternatives evaluated. Receive additional input from the project team and finalize recommendations. The final report will incorporate feedback

received from the project team as well as any input received from City Council and key customer groups.

20. Project management: Provide the City with project/budget status updates by email every two weeks. Status updates to include work progress completed **and** budget expended to date.

21. Remain available to provide financing consulting services as needed beyond the scope of the tasks listed here, as requested by the City.

Preliminary Project Schedule/Timeline

June 1	Council authorizes BWA to perform the study
During June	BWA and staff conduct 2 project meetings (kickoff meeting and first progress meeting)
July 1	BWA and staff meet to review preliminary recommendations
July 7	First Shirtsleeves session with Council
July 14	Second Shirtsleeves session (or public meetingg) with Council
July 17	Mail Prop 218 notices and start 45-day period
Sept 7	Hold public hearing and adopt rates

Project Team Summary

DOUGLAS DOVE, PE, CIPFA

Douglas R. Dove is president of Bartle Wells Associates and as such directs the operation of the firm while maintaining a principal consultant's role. With over **15 years** of consulting experience, he is an expert in strategic financial planning, utility rate setting, and project financing. Since joining Bartle Wells Associates in 1990, he has worked for a wide variety of public agencies and developed numerous financing plans and rate studies to support capital programs as well as managing bond sales. Doug frequently shares his expertise giving presentations at conferences including the Association of California Water Agencies (ACWA), the California Association of Sanitary Agencies (CASA), the California Municipal Treasurers Association (CMTA) and the California Water Environment Association (CWEA).

Mr. Dove assists public agencies in developing long-term financing plans, utility rates, and connection charges for water, wastewater, and reclaimed water utility enterprises. He is also an expert in securing state and federal grants and loans and in marketing tax-exempt securities including certificates of participation (COPs), revenue bonds, general obligation bonds, tax allocation bonds, Marks-Roos revenue bonds, and other types of debt.

Mr. Dove holds a BS in civil engineering from Drexel University and an MS in civil engineering from UC Berkeley. He is a registered professional engineer (PE) in California. He is also a Certified Independent Public Finance Advisor (CIPFA) and committee member of the National Association of Independent Public Finance Advisors (NAIPFA).

TATIANA OLEA, MPA

Tatiana Olea is a financial analyst with Bartle Wells Associates. She assists public agencies in developing and implementing financial plans, rate studies, and bond sales. Prior to joining Bartle Wells Associates, Ms. Olea worked as an audit specialist for a California HMO and as an analyst for the Federal Reserve Bank of San Francisco. Ms. Olea earned her Master of Public Administration from the Maxwell School at Syracuse University and holds a BA from Saint Mary's College.

ALEX HANDLERS, MPA, CIPFA

Alex T. Handlers is a senior consultant with Bartle Wells Associates. He assists public agencies in developing and implementing financial plans, rate studies, and bond sales. Mr. Handlers has developed financial models for numerous utility enterprises and conducted water and wastewater rates studies for a wide range of public agencies throughout California. Prior to joining Bartle Wells Associates, Mr. Handlers worked as an analyst for a municipal government and as an associate in public relations at a strategic communications firm.

Mr. Handlers earned his Master of Public Administration from the University of Washington and holds a BA from Lehig University. He is a Certified Independent Public Finance Advisor (CIPFA) and member of the National Association of Public Finance Advisors (NAIPFA).

DOUGLAS R. DOVE, CIPFA

Experience

Douglas R. Dove is president of Bartle Wells Associates and a principal consultant with over fifteen years of municipal project finance experience. He specializes in bond marketing, bond **pooling**, strategic financial planning, utility rate setting, and reinvestment of bond proceeds. Since joining Bartle Wells Associates in 1990, he has worked for a wide variety of public agencies and structured financings to support numerous public works programs.

Mr. Dove assists public agencies in securing state and federal grants and loans and in marketing tax-exempt securities including certificates of participation (COPs), revenue bonds, pooled revenue bonds, general obligation bonds, redevelopment tax allocation bonds, assessment district bonds, Mello-Roos community facilities district bonds, and other types of debt. He is also experienced in evaluating reinvestment opportunities such as forward purchase contracts; reserve fund put agreements, and escrow restructuring.

Recent Assignments

- **Association of Bay Area Governments (ABAG):** Financial Advisor on statewide, pooled, water & wastewater revenue bond program. Raised \$27 million for 8 issuers.
- **California Statewide Communities Development Authority (CSCDA):** Co-founder and financial advisor on statewide, pooled revenue bond program. Raised \$150 million for 21 issuers.
- **City of Tulare:** Financial advisor to the city, sale of \$80 million in bonds via three separate issues. Sale of \$7 million in short-term notes.
- **El Dorado Irrigation District:** Financial advisor to the District, sale of \$74 million fixed rate revenue certificates, \$92 million variable rate revenue certificates, \$6 million General Obligation bonds and \$8 million variable rate "Cinderella" bonds.
- **South Bay Water Recycling Program:** Financial plan and rate study for \$200 million regional wastewater recycling program.
- **Lake Arrowhead Community Services District:** Financial master plan, \$28 million revenue bond financings and water and wastewater rate studies.
- **Indian Wells Valley Water District:** Financial plan/rate study, \$6 million revenue bonds.
- **City of Rio Vista:** Financial plans, formation of Mello-Roos Community Facilities District, sale of CFD bonds and revenue bonds.
- **Monterey County Water Resources Agency:** Developed a financing plan for Salinas Valley seawater intrusion program.
- **Sacramento Regional County Sanitation District:** Financial master plan for \$2 billion capital improvement program.
- **City of Pacifica:** Revenue program and financing plan for a \$50 million wastewater project, assistance with procurement of \$35 million SRF loan and sale of revenue bonds.

Memberships

- National Association of Independent Public Finance Advisors
- League of California Cities
- Association of California Water Agencies
- California Water Environment Association
- California Association of Sanitation Agencies
- Water Reuse Association

Education

M.S., Civil Engineering - University of California, Berkeley

Certifications

Certified Independent Public Finance Advisor (CIPFA), and registered Professional Engineer (PE) in California

TATIANA OLEA, MPA

Experience

Tatiana Olea is a financial analyst with Bartle Wells Associates. She works with public agencies, engineers, legal counsel, and other consultants to develop water, wastewater, and recycled water rates, and long term financial plans for utility enterprises. She also helps agencies evaluate financing alternatives for public works projects, and develops strategic plans for recycled water programs. Additionally, she provides analytical support for bond sales and rate studies. She has consulted for a range of public agencies throughout California and has conducted analyses tailored to meet the needs of diverse communities. She assists with the development of financial projections, evaluation of financing alternatives, design of equitable rate structures, assessment of financial impacts, development of presentations. She **also** assists in public outreach efforts. Prior to joining Bartle Wells Associates, she worked as an audit specialist for the planning and development unit of an HMO and as an analyst for the Federal Reserve Bank of San Francisco.

Recent Assignments

- **Ukiah Valley Sanitation District:** Update of connection fee in anticipation of financing over \$60,000,000 of capital improvements for the wastewater enterprise. Development of sewer rate structure to support financing of capital improvement program. Design model to evaluate alternatives for financing capital projects and updated capacity/connection fees and rate structure. Development of financing plan for anticipated bond sale.
- **City of Ukiah Water Utility:** Updated water rate structure and incorporated industry standards to ensure cost-of-service is equitably recovered from all customer categories and encourage conservation. Developed Proposition 218 Notices for water rate increases. Development of water financing plan to complete \$15,000,000 of capital projects for water
- **City of Petaluma, Wastewater:** Developed revenue projection and cash flow model to evaluate financing options for \$180 million capital plan spanning 10 years and including a new recycled water treatment plant and other capital.
- **Ironhouse Sanitary District:** Developed detailed analysis of sewer service charge increase required to fund capital projects through State Revolving Fund program. Development of revenue program based on SRF guidelines and financing plan for sewer and sewer collection system capital improvement plans.
- **City of Huntington Beach:** Design of tiered water rate structure to encourage conservation and fund City's capital projects under master plan. The City of Huntington Beach has a pay-as-you-go policy with the cost of capital incorporated into the rate structure through a capital surcharge that all customers pay.
- **City of Napa:** Developed debt service projections in connection with bond issuance to finance water capital improvement plan.
- **Big Bear Area Regional Wastewater Agency:** Cash Flow projections for Wastewater Reclamation Project. Development of model to evaluate financing alternatives for capital improvement program.
- **Tahoe City Public Utility District:** Currently developing a comprehensive Financial Utility Master Plan incorporating long-range financing plans and utility rate studies. Development of financing alternatives for capital improvement program.

Education

M.P.A. – Syracuse University, Maxwell School of Citizenship & Public Affairs

B.A. – Saint Mary's College of California

ALEX T. HANDLERS, CIPFA

Experience

Alex T. Handlers is a senior consultant with Bartle Wells Associates. He specializes in developing utility rates and charges, capacity/connection fees, and long-term financial plans for utility enterprises. He **also** has extensive experience coordinating competitive bond sales and designing customized utility rate models. Mr. Handlers has consulted for a wide range of public agencies throughout California and has developed rate structures tailored to meet the needs of diverse communities. He works closely with public agency staff, engineers, and other consultants to develop financial projections, evaluate financing alternatives, develop equitable rate structures, assess the impacts of financial and rate recommendations, and coordinate public outreach efforts. Prior to joining Bartle Wells Associates, Mr. Handlers worked as a city analyst and as a strategic communications consultant.

Recent Assignments

- City of Milpitas: Developed financial master plans and utility rate studies for the City's water, recycled water, and wastewater enterprises.
- El Dorado Irrigation District: Developed a strategic financial plan for five-year capital improvement program totaling over \$280 million. Developed water, wastewater, and recycled water rates. Served as financial advisor on \$160 million of negotiated fixed and variable rate debt.
- East Bay Municipal Utility District: Conducted a financial analysis of the District's Wastewater Resource Recovery Program.
- City of Foster City/Estero Municipal Improvement District: Developed financing plans, rate studies, and customized computer rate models for the City's water and wastewater utilities.
- City of Hesperia/Hesperia Water District: Developed long-range water and wastewater financial master plans, water and wastewater rates, and connection fees.
- Indian Wells Valley Water District: Conducted a water rate study and developed a customized water rate model. Coordinated a competitive bond sale for \$6.1 million of water revenue bonds.
- Lake Arrowhead Community Services District: Developed long-range water and wastewater financial master plans and rate studies. Coordinated a competitive bond sale of \$17.8 million of water revenue bonds to refund prior debt and achieve savings.
- Soquel Creek Water District: Developed a long-term financing plan and rate recommendations needed to fund a new source of supply. Coordinated competitive sale of \$9 million revenue bonds.
- City of Tulare: Developed water and wastewater financing plans and rates. Coordinated competitive bond sales including \$63 million of wastewater revenue bonds, \$7 million of short term notes, and \$6 million of lease revenue bonds for City street improvements.
- East Palo Alto Sanitary District: Conducted a wastewater rate study and financing plan to ensure equitable rates. Developed new wastewater connection fees.
- City of Hanford: Developed and implemented a financing plan for \$20 million of wastewater improvements. Secured a \$10 million CIEDB subsidized loan and issued \$10 million of bonds.

Education

M.P.A. - University of Washington

B.A. - Lehigh University

Certifications

CIPFA – Certified Independent Public Finance Advisor

Member – National Association of Public Finance Advisors

BWA Experience

1. City of Milpitas

Bartle Wells Associates assisted the City of Milpitas in developing revised utility rates as part of a long-range “Financial Utilities Master Plan” for the City’s water, recycled water, and wastewater utilities. Milpitas owns and operates a water distribution system and a wastewater collection system. The City purchases about half of its potable water from San Francisco’s Hetch Hetchy system and half from the Santa Clara Valley Water District. The City owns 12.5mgd of capacity in the San Jose/Santa Clara Wastewater Pollution Control Plant, a regional treatment plant operated by the City of San Jose.

The City’s utilities are facing significant cost increases over the next 5 to 10 years for capital improvements to the Hetch Hetchy system, the regional wastewater treatment plant, and the City’s water distribution and wastewater collection facilities. The City also recently updated its water and sewer master plans and evaluated the replacement costs of City infrastructure.

BWA performed a number of tasks including:

- Developing long-range cash flow projections and financing plans for the City’s operating and capital programs
- Recommending prudent minimum fund reserve targets for each of the City’s utilities
- Evaluating the financial impacts of growth, potential droughts, wholesale water rate increases, wastewater treatment costs, and various financing approaches
- Developing a financing plan to fund infrastructure replacements on a pay-as-you-go basis
- Developing a plan to recover costs for future wastewater treatment capacity from new development
- Evaluating a number of adjustments to the City’s utility rate structures
- Phasing in rate increases in order to minimize the annual impact on ratepayers while meeting the City’s long-term revenue requirements

Throughout the project, BWA worked closely with staff from the City’s public works, engineering, and finance departments, as well as with a citizen’s advisory task force. Monthly presentations to the task force allows us to incorporate public input from key industrial, institutional, and community groups into the rate making process.

Contact: Darryl Wong, Utilities Engineer 408/586-3345
E-mail: dwong@ci.milpitas.ca.gov

2. City of Rio Vista

Bartle Wells Associates assisted the City in reviewing its water and wastewater rates and connection fees and in developing a long-range utilities financial plan. We recommended changes to the City’s water rate structure that brought it into alignment with industry standards. As Rio Vista had not raised rates since 1989, we recommended phasing-in rate increases to minimize rate impacts to customers. We also assisted the City with a bond issue to fund improvements to its wastewater treatment facilities.

We continue to provide on-going financial advisory services to the City. On a recent assignment, we developed a financing plan for a brand new, \$30 million City wastewater treatment plant that is being funded 100 percent by developers. The financing is coming from a combination of cash and community facilities district (CFD) bonds. We are also serving as financial advisor to the City in connection with the issuance of the CFD bonds.

Contact: Tom Bland, Community Development Director 707.374.6451
Email: bland@ci.rio-vista.ca.us

3. City of Ukiah/Ukiah Valley Sanitation District

Bartle Wells Associates is assisting the City in reviewing its water and wastewater rates and connection fees and in developing long-range utilities financial plans. We updated the water rate structure and incorporated industry standards to ensure cost-of-service is equitably recovered from all customer categories. Water rates had not increased since 1996 and the water utility has \$15 million of capital projects that are required by the state as a condition of renewing the operating permit. We developed Proposition 218 notices for the proposed water rate increases and assisted the City through the process of identifying affected property owners and mailing of Prop 218 notices. We are currently drafting the financing plan for \$15,000,000 of capital projects for the water utility which will be funded through a bond sale expected for late 2004/05 or early 2005/06.

The City of Ukiah's sewer system also serves the Ukiah Valley Sanitation District and as is the case with water also faces significant capital expenses. The cost of sewer capital projects will be shared between existing users and future growth. We are updating the City and District's connection fee in anticipation of financing over \$60,000,000 of capital improvements for the wastewater enterprise. We are updating the sewer rate structure to support financing of capital improvement program and to incorporate a consumption based element. Our recommended adjustments to the wastewater rate structure will generate sufficient revenue to support expansion of the City's treatment plant. We also serve as the City's financial advisor for the anticipated bond issue that will fund the improvements to the wastewater treatment facilities.

Contact: Mike McCann, Director of Finance 707.463.6267
Email: mikem@cityofukiah.com

Availability & Fees

Phase 1- Comprehensive Groundwater Remediation Financing Plan

We are prepared to begin work upon your acceptance of this proposal.

For all **Phase 1** services related to the comprehensive groundwater remediation financing plan, our charges will be billed on a time and materials basis as the work proceeds not to exceed \$15,000 (including direct expenses) without prior approval from the City. The fee for professional services is payable on a time and expense basis as provided in our Billing Rate Schedule 2005.

The proposed Phase 1 fee is based on the following conditions:

- Availability of all necessary information from the City of Lodi in a timely manner.
- Attendance at up to three meetings with staff and three public meetings (meetings to be held concurrently with meetings for rate studies in Phase 2 of this scope). Preparation for and attendance at additional meetings will be billed according to our Billing Rate Schedule 2005.
- One draft and one final submittal of the updated financial projections based on information provided by the City. Time and expense involved in revising tables and assumptions due to changes in expenses or in preparing additional draft projections constitute additional services.

Phase 2 –Utility Rate Studies for Water and Sewer

For all **Phase 2** services related to utility rate studies for water and sewer, our charges will be billed on a time and materials basis as the work proceeds not to exceed \$15,000 (including direct expenses for *a water rate study only*) and not to exceed 22,000 (including direct expenses for *water and sewer rate studies*) without prior approval from the City. The fee for professional services is payable on a time and expense basis as provided in our Billing Rate Schedule 2005.

The proposed Phase 2 fee is based on the following conditions:

- Availability of all necessary information from the City of Lodi in a timely manner.
- Attendance at up to three meetings with staff and three public meetings (meetings to be held concurrently with meetings for financial plan in Phase 1 of this scope). Preparation for and attendance at additional meetings will be billed according to our Billing Rate Schedule 2005.
- One draft and one final submittal of the updated financial projections based on information provided by the City. Time and expense involved in revising tables and assumptions due to changes in expenses or in preparing additional draft projections constitute additional services.

All work will be performed by Bartle Wells Associates. Douglas R. Dove, one of ow principals will be placed in charge of the work, and will devote time and effort to the project as needed.

In addition to the services provided under this proposal, the City may authorize us to perform additional services for which the City will compensate us based on consultants' hourly rates at the time the work is performed, plus direct expenses.

If the project is terminated for any reason, we are to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination. This proposal may be withdrawn or amended if not accepted within 90 days of its date.

During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with the City Council, its staff, attorneys, consultants, developers and others as necessary.

This proposal may be withdrawn or amended if not accepted within 90 days of its date.

We would very much like to work for the City of Lodi on this assignment, and hope that this proposal will constitute a suitable basis for our serving you. If our proposal is acceptable to you, please countersign one copy below and return it to us.

Very truly yours,

BARTLE WELLS ASSOCIATES

Douglas R. Dove, PE, CIPFA
President

Bartle Wells Associates is authorized to provide the services outlined above, at the fee stated.

By:_____ Date:_____

For: City of Lodi

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BWA 2005 Billing Rate Schedule

BARTLE WELLS ASSOCIATES BILLING RATE SCHEDULE 2005

Rates Effective 1/1/2005

Professional Services

Financial Analyst I.....	\$ 95 per hour
Financial Analyst II	130 per hour
Project Consultant.....	150 per hour
Senior Consultant	165 per hour
Project Manager.....	180 per hour
Principal Consultant	195 per hour

Expert witness, legal testimony or other special limited assignment will be billed at one and one-half times the consultant's hourly rate.

The professional time rates include all overhead and indirect costs. Bartle Wells Associates does not charge for secretarial support services and internal computer time.

The above rates will be in effect through December 31, 2005, at which time they will be subject to change.

Direct Expenses

Word processing and computer-assisted services related to report and official statement production is charged as a direct expense at \$60 per hour.

Subconsultants will be billed at cost plus ten percent. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- | | |
|-----------------------------------|--|
| ■ Travel, meals, lodging | ■ Automobile mileage |
| ■ Long distance telephone and fax | ■ Messenger services and mailing costs |
| ■ Typography and printing | ■ Photocopying and report binding |
| ■ Special statistical services | ■ Graphic design and photography |
| ■ Outside computer services | ■ Legal services |
| ■ Bond ratings | ■ Advertisements |

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees will be billed monthly for the preceding month, and will be payable within 30 days of the date of the invoice. A late charge of 1 percent per month is applied to balances unpaid after 30 days.

BWA Certificate of Insurance

Bartle Wells Associates maintains public liability, property damage, workers' compensation, automobile and professional liability insurance. If necessary, our insurance carrier can prepare a certificate of insurance within the specifications of the City of Lodi.

CERTIFICATE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Hudson & Muma, Inc.

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

DESCRIPTION TYPE OF INSURANCE	COMPANY AND EXPIRATION POLICY NUMBER	COVERAGES AND LIMITS...	EXPIRATION DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ■ \$2,000,000 General Aggregate ■ \$2,000,000 Products Comp/Op Aggregate ■ \$1,000,000 Personal & Advertising Injury ■ \$1,000,000 Each Occurrence 	6/1/06
Automobile Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ■ \$1,000,000 Combined Single Limit 	6/1/06
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	Workers' Compensation: Statutory Limits for the State of California. Employers' Liability: <ul style="list-style-type: none"> ■ Bodily Injury by Accident - \$1,000,000 each accident ■ Bodily Injury by Disease - \$1,000,000 each employee ■ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/06
Professional Liability	Chubb & Son, Inc. BINDO94045	Solely in the performance of services as municipal financing consultants for others for a fee. Limit: \$1,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)	6/1/06